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December 10, 2002

APPLICATION

VIA FIRST CLASS MAIL

Honorable James H. Welsh
Commissioner of Conservation
Louisiana Office of Conservation
P. O. Box 94275
Baton Rouge, LA 70804-4275

RE: Application For Waiver of Statewide Order 29-E Spacing
Requirements and Designation of Well as Unit Well
Big 3-2 RB SUR; SL 540 B No. 39 Well
West White Lake Field; Vermilion Parish, Louisiana
Applicant: Union Oil Company of California

Dear Commissioner Welsh:

Application is hereby made on behalf of Union Oil Company of California ("Unocal"), requesting that the captioned matters be set for public hearing, and upon presentation of sufficient evidence thereat, that an Order issue approving the waiver of the spacing requirements set forth in Statewide Order 29-E for the SL 540 No. 39 Well, now completed in the Big 3-2 RB SUR unit, and designating said well as the Unit Well for that unit. A letter from the Louisiana Mineral Board is attached hereto, indicating that the State Mineral Board has no objection to the approval of this application, and further, in allowing said well to produce on a lease-basis allowable, with royalty from said production accruing only to the State. The well is currently producing under a 90-day test allowable as per the approval of the District Office. Unocal requests that a public hearing be set to consider this matter required after due notice of ten (10) days pursuant to La. R.S. 30:6.

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*ALSO ADMITTED IN TEXAS
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***ALSO ADMITTED IN OKLAHOMA

This Application is made pursuant and subject to a certain Unitization Order, No. 75-B-2, entered March 27, 1986 and made effective March 4, 1986, which established the subject unit, and incorporated spacing rules set by Statewide Order 29-E. While certain wells were designated unit wells for several units formed under said Order, no unit well was designated for the subject Unit. Thus Unocal seeks waiver from the spacing rules incorporated in said Order, and seeks a designation of the SL 540 B No. 39 Well as the unit well for subject unit Big 3-2 RB SUR, to produce on a lease-based allowable.

Enclosed herewith are the following:

1. A plat showing the location of the subject well and unit relative to other competitive units and leases in the field area;
2. A letter from the State Mineral Board expressing no objection to the relief sought hereunder;
3. A list of Interested Parties concerned as per the new leases and units concerned herein; and
4. A check in the amount of \$755.00 representing the required filing fee for this application to request a public hearing.

Unocal requests that notice of the filing of this Application be published in the official journal of the State of Louisiana. Further, Unocal requests that a copy of said notice be forwarded to Unocal through counsel for mailing to all parties on the Interested Parties list, to be proved by an affidavit of mailing submitted to the Office of Conservation. Upon such due notice, Unocal requests that this matter be set for public hearing pursuant to La. R.S. 30:6 for consideration by the Commissioner of this Application for the issuance of an Order approving waiver from 29-E waiver requirements for the captioned well, that said well be designated the Unit Well for the Unit that is the subject of this application, and that production from said well and unit be subject to a lease-based allowable with royalty to be paid to the State on said lease basis. No prejudice will result to the State as the sole royalty owner in the Unit.

A reasonable effort was made to ascertain the names and addresses of all Interested Parties. A copy of this Application has been mailed to the District Manager of the Lafayette District, Office of Conservation. Upon receipt of the Legal Notice, the Applicant will mail a copy of same to all Interested Parties in accordance with Statewide Order 29-D-1, and forward to you the required affidavit of mailing.

Honorable James H. Welsh
December 10, 2002
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Very truly yours,


BRENT G. SONNIER

Attorney for UNION OIL COMPANY OF CALIFORNIA

BGS (Enclosures)

cc: Mr. Richard Hudson, District Manager,
Louisiana Office of Conservation, Lafayette District

Mr. Charles Bradbury, Engineer
Louisiana Mineral Board

All Interested Parties

State of Louisiana



M.J. "MIKE" FOSTER, JR.
GOVERNOR

JACK C. CALDWELL
SECRETARY

MONICA T. SURPRENANT
CHAIRMAN

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL BOARD

November 19, 2002

Onebane Law Firm
Post Office Box 3507
Lafayette, Louisiana 70502-3507

Attention: Mr. Brent G. Sonnier

Re: Union Oil Company of California
State Lease 540 B Well No. 39
West White Lake Field
Vermilion Parish, Louisiana
Serial Number: 207666

Dear Sir:

In accordance with the State Mineral Board's Policy adopted on February 11, 1976 and pursuant to the attached letter dated October 31, 2002, the Board concurs with your 29-E request for Union Oil Company of California -State Lease 540 B Well No. 39 located in West White Lake Field, Vermilion Parish, Louisiana.

The Board has no objection to the Union Oil Company of California (Unocal) plan to produce the State Lease 540 B Well No. 39 as a lease well at the exceptional location to Statewide Order 29-E. Unocal will seek approval of unit well designation for the State Lease 540 Well No. 39 as the unit well for the Big 3-2 RB SUR. No inequities will result from producing the well on a lease basis since the unit is located wholly on State Lease 540. All royalty revenue will be disbursed on a lease basis.

Unocal shall file its plan for unit well designation within 180 days from the date that the well is permanently placed on production.

Yours very truly,

William E. Marsalis

William E. Marsalis
Geologist Administrator

WEM:VMV:gmc

cc: Terry Toney
Greg Dugas
Central Files
Lease Maintenance

